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Neo-illiberalism

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A B S T R A C T

This review brings together a set of trends to rethink neoliberalism. Decades of neoliberalization have transformed western political economies, and although the financial crisis debunked the ideology for a fraud, the practices have simply refused to die since. Instead, neoliberalism assumed an authoritarian character, feeding popular resistance. Although leftist challenges failed to break its spell, Brexit and Trump bulldozed right-wing populism into the mainstream of the neoliberal heartlands. Where these events have conventionally been presented as ruptures to the status quo, this review argues that they herald the next neoliberal wave shaping global capitalism. This phase is described as *neo-illiberalism*, signifying the illiberal mutation and restoration of transatlantic neoliberalism, marked by brazen attacks on constitutional checks, balances and rights across vast neoliberalized landscapes. These are executed by neoliberal elites working with and/or adopting nativist narratives and policies of the radical right, unevenly adapting western neoliberalism to a nascent neo-illiberal world order.

Keywords: Brexit; illiberalism; neoliberalism; populism; Trump

1. Introduction: neoliberalism's illiberal reawakening

Across the western world, neoliberal globalization appears under attack. Conventional wisdom has it that the votes for Brexit and Trump were nationalist ruptures to the status quo, taking global elites by surprise. But why is it that global media conglomerates instrumental to the rise of neoliberalism continue to play leading roles in these ruptures, pushing nationalist narratives supposedly fighting "the corporate elite" (*The Sun* 2016)? And why does Donald Trump continue to recruit Goldman Sachs bankers whilst enacting financial deregulation and tax cuts, much like his predecessors? This review advances a counter perspective, highlighting the mounting fusion of neoliberalism and radical-right populism exercising government power, thereby sketching the contours of a mutating transatlantic neoliberalism – an emergent *neo-illiberalism*.

The death of neoliberalism has often been proclaimed, not least following the transatlantic financial crisis of 2007-08, which debunked the ideology for a fraud. However, besides engaging with the prospect of post-neoliberalism (Peck et al 2009; Springer 2015), scholars were quickly taken aback by the sheer endurance and mutability of neoliberal practices (Crouch 2011; Peck 2010b). Where the neoliberal project appeared to collapse, it resurged out of the ashes (Aalbers 2013; Hendrikse and Sidaway 2010), revealing a cunning ability 'to exploit threats to its survival as opportunities for expansion' (Jessop 2016: 417; see Peck 2010a).

The crisis *did* annihilate consensual neoliberal rule, seeing post-crisis neoliberalism assume more authoritarian (Bruff 2013) and punitive (Davies 2016) traits, galvanizing resistance. The center left was particularly punished for their neoliberal cooptation, and by the mid-2010s leftist challengers had emerged across the west. Crucially, Greece's *Syriza* did not undo themselves from Eurozone technocrats, as much as Bernie Sanders failed to break the consensus among US Democrats. Each time, neoliberal resistance was curtailed, leaving resentment in its wake.

Neoliberalism has always sought allies to reproduce itself: where centre left and right have formed neoliberalism's "extreme centre" (Ali 2015), the mid-2010s witnessed a growing alliance between extreme centre and radical-*cum*-extreme right, the latter covering their feathers under labels such as *Alt-right* to seduce "the wordless, formless rage of the people neoliberalism left behind" (Penny 2016). In redirecting rage from bankers to minorities, the progressive elements underpinning neoliberalism (Fraser 2017), along with the actual left, became targets of the self-proclaimed resistance.[1] To an important degree, the votes for Brexit and Trump have been realized upon this shift, with global elite factions utilizing neoliberal failure as fuel for expansion.

2. Emergent properties

Cass Mudde (2004) brought the term 'illiberal democracy' (see Zakaria 2003) into the debate on populism, which studies the 'clash' between 'undemocratic liberalism' (a euphemism for neoliberalism) and illiberal democracy (a spectrum of regimes among which populism constitutes one form). Crucially, this debate exhibits numerous blind spots. For example, some argue that populists "seek to drive a wedge between

[1] In Europe, the 2015 refugee 'crisis' played a key role in redirecting popular frustration. Right-wing populists gained popularity, not only due to online deceit or 'the Russians', but also because established media embraced nativist narratives. In Dutch media, for example, the European Union (EU) was no longer a neoliberal vortex, but was instead depicted as a globalist project run by 'politically correct' elites. These narratives discursively transformed the neoliberal order into a leftist project, which could henceforth only be undone by right-wing nationalists.

democracy and liberalism" (Galston 2018: 5), neglecting how neoliberalism ignited undemocratization (Crouch 2004; Slobodian 2018a). Others argue that liberal democracy "has a tendency to deteriorate into one or the other of its perversions" (Rodrik 2018b), neglecting how liberal democracies might be subject to *both* illiberalization and undemocratization. In this regard, the term illiberal democracy is a misnomer, for it too exhibits undemocratic tendencies (Mueller 2018a), arguably supplementing neoliberalism's democratic shortcomings.[2]

Building on this debate, it is argued that a new synthesis is currently mainstreaming throughout the western world: call it undemocratic illiberalism, or *neo-illiberalism*.[3] Where preceding waves of neoliberalization (Peck and Tickell 2002) fueled the undemocratization of liberal democracies, the rise of the radical right threatens to illiberalize the neoliberalized heartlands. Crucially, instead of undoing neoliberal globalization, (the threat of) political illiberalization might equally shield the economic core of the neoliberal project from popular resistance, effectively functioning as its toxic protective coating. Contrasting perspectives pinpointing a rupture, the ascent of neo-illiberalism – that is the illiberal mutation and restoration of transatlantic neoliberalism – might well prove the next neoliberal wave shaping global capitalism.

Signaling a process of political change, the rise of the nationalist and nativist radical right is increasingly fueling brazen attacks on the various institutions, rights and values undergritting constitutional liberalism across the west. Amongst others, these include attacks on checks and balances, where legislatures and judiciaries are subject to a power-hungry executive branches, along with wider societal counterpowers, including independent academia and media. To exercise the 'will of the people', moreover, individual basic rights, including free speech and association, and related civil, human and minority rights, are equally prone to attacks. Admittedly, this development resembles general populist attacks on liberal democracy, whereby notions of popular sovereignty and democracy are accepted, provided they are understood as majoritarian power, whilst constitutionalism and liberal rights are rejected. Yet (the threat of) political illiberalization unfolds in a specific context of advanced neoliberalization, where (as of writing) economic ruptures remain mundane. What is foremost observed is the rise of political – not economic – populism (Rodrik 2018a) across the west.

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[2] Both neoliberals and populists effectively take power away from liberal democracies, arguing that 'there is no alternative' to either technocratic rule or the unrestrained will of the people: where neoliberals insulate economic domains from democratic decision-making, illiberals take away restraints limiting the exercise of political power. Logically, in undoing constitutional rights it becomes all the harder for citizens to challenge neoliberalism.

[3] The term neo-illiberalism has been coined by Aiyar (2011, 2016). Other scholars have advanced notions such as 'liberal illiberalism' (e.g. Moffitt 2017), or focus on neoliberalism in relation to illiberalism (e.g. Berezin 2009).

Behind the ever-apparent threat of protectionism, it should be remembered that the neoliberal infrastructure undergritting global capitalism remains broadly intact: key free-trade agreements[4] remain in place, with the World Trade Organization (WTO) widely considered the backstop to manage trade relations. Where the US might unilaterally seek to rewire multilateral trade in bilateral fashion, insiders note that investor-state dispute settlement (ISDS) clauses will remain key features (Freshfields 2018), continuing the transfer of power from states to corporations. The financial picture is more remarkable, as central bank independence (Rogoff 2018), the International Monetary Fund (IMF) (Mayeda 2018) and the larger "new international financial architecture" (Soederberg 2004) undergritting global financialized capitalism remain unchallenged, seeing tech-driven financial markets (Hendrikse et al 2018) reign over society and state (Hendrikse 2015).[5] Added up, despite all the spectacle, thus far the economic rupture foremost constitutes a change in style rather than substance, with policy objectives like *America first* merely accelerating the race to the bottom.

3. Variegated expressions

Beyond advancing the rule of markets, neoliberalism is regarded "a *rascal concept* – promiscuously pervasive, yet inconsistently defined, empirically imprecise and frequently contested" (Brenner et al 2009, emphasis original). Where neoliberalism typically spreads in hybrid assemblages, neo-illiberalism is by definition an amalgam of neoliberal and illiberal operating systems, producing *variegated neo-illiberalization* across space. Importantly, it should be noted that periodization is a thorny question (Hendrikse and Sidaway 2010), and many expressions have long been visible along the fringes – the difference is that they are now mainstreaming into power.

Epitomizing the western breakthrough of neo-illiberalism, the Trump presidency is comprised of globalist (neoliberal) and nationalist (illiberal) factions allegedly vying for power (Wolff 2018). Amongst others, Trump's illiberal rhetoric aims to target indignant electorates on an emotional level.[6] But there is more method to the madness,

[4] Trump cancelled the multilateral Transpacific Partnership (TPP) free-trade agreement as one of his first acts in office, but has indicated that he is willing to restart negotiations.
[5] The exception is the Eurozone architecture, having taken neoliberal undemocratization to its extremes. Yet here too there is much populist barking but little biting.
[6] Manipulating emotions of Facebook users was the science behind *Cambridge Analytica* – the recently liquidated firm which through its parent company *Strategic Communications Services* (SCL) has been born out of the neoliberal privatization of military interventions in Afghanistan and Iraq, with strong ties to intelligence, military and political elites in the US and UK (Ramsay 2018; O'Hare 2018). In general, it is ironic that the nationalist resurgence is taking place online – the most globalized space ever – where basic rights to privacy have evaporated.

as illiberal narratives and policies typically assume frontstage in news cycles: for example, Steve Bannon's ethnonationalist crusade and Trump's Twitter rants have overshadowed ongoing financial deregulation, tax cuts, and the corporate takeover of government – "neoliberalism's final frontier" (Klein 2017). In general, illiberal tales are cultural, defining economics out of existence, effectively functioning as rhetorical sanctuaries to hide the material failures of neoliberal globalization.

Established neoliberal constellations of political parties and media conglomerates have increasingly embraced illiberal nativism and populist tactics to channel resentment and conceal non-change. For example, Rupert Murdoch's *News Corporation*, instrumental to the (re) making of neoliberalism, played a key role in the votes for Brexit and Trump. Such constellations infused Britain (but also The Netherlands, Catalonia/Spain, and elsewhere) with majoritarianism via divisive referenda, fueling attacks on legislatures and judiciaries to "crush the saboteurs" (*Daily Mail* 2017), with established political parties habitually absorbing mounting 'anti-establishment' energy, seeing neoliberal insiders synthetically transform themselves into populist outsiders.

In Europe, this makeover has been pioneered by Hungary's Victor Orbán and his *Fidesz* party: having led Hungary on the path to neoliberalization, opening up the country to foreign investment and EU funding, Orbán subsequently reinvented himself as a self-proclaimed illiberal democrat, anticipating popular frustration. Although taking control over the judiciary and media through cronies (Mueller 2018b), this shift has not vitally altered Hungary's neoliberalized economy. In variegated guises, Orbán's illiberal virus is currently spreading across Europe – requiring "no coherent ideology", just "imaginary enemies" (Cvijić 2018) – with the *European Peope's Party* (EPP) accepting the illiberal rot in their neoliberal midst. This is not wholly surprising: where Angela Merkel was praised as 'leader of the free world' following Trump's election, these accounts forget how Germany captains a larger political-economic project of extreme neoliberalization. As noted by Yanis Varoufakis, reflecting on his meetings with Eurozone technocrats as Greek finance minister, "something other than liberalism, or even neoliberalism, had taken over the establishment without anyone noticing" (2017: 480).

Meanwhile, in the opposite direction there are neoliberal mutations and penchants within populist parties. In Italy, right-wing populists have lubricated neoliberalism since the 1990s, seeing them mutate into neoliberal government (Verbeek and Zaslove 2016), making way for new populists. Another lubricating strategy is practiced by Dutch populist Geert Wilders: escaping the *People's Party for Freedom and Democracy* (VVD) to found his *Party for Freedom* (PVV) in the mid-2000s, Wilders has since principally voted in line with the VVD's neoliberal rule, despite selling illiberal narratives. It is therefore perhaps little surprising that the intellectual roots of the radical

right reveal a fondness of Friedrich Hayek.[7] Given these and other penchants, it is argued that populists of *Alternative for Germany* (AfD) and the *Austrian Freedom Party* (FPÖ) have "emerged *within* neoliberalism, not in opposition to it" (Slobodian 2018b, emphasis original). In any case, in sight of power populist parties often tone down their rhetoric, and recent history shows that financial markets (and central banks) are very capable knock unwilling populists into their neoliberal place. The populist government of Italy, for example, has promised to stay in the euro to reassure financial markets, focusing its fury on immigrants instead. Here too, the outcome is neo-illiberalism.

4. Geopolitical implications

> Across the globe, democratically elected regimes, often ones that have been re-elected or reaffirmed through referenda, are routinely ignoring constitutional limits on their power and depriving citizens of basic rights. This disturbing phenomenon … could be called "illiberal democracy" (Zakaria 2003)

During the early 2000s, Fareed Zakaria praised constitutional liberalism to insulate non-western states from the woes of illiberal rule, and instead plug these territories into the institutional infrastructures of neoliberal globalization. Yet although neoliberalism spread across the globe, into societies more or less illiberal and democratic, the non-western world did not commence on the 'western path' to liberal democracy.

Where non-western states witnessed the infusion of neoliberal policies over the latter decades – what Ong identifies as *neoliberalism as exception* – western state are today increasingly subject to illiberal "exceptions to neoliberalism" (2006: 3). Non-western neoliberalization is typified by illiberal China, and can be tentatively be extended across Russia and the global south. Fittingly, Indian economist Aiyar (2011, 2016) coined the term neo-illiberalism to describe the state of the Indian economy[8], where Narenda Modi features as one of many neo-illiberal strongmen worldwide. In contrast, the illiberalization of the west is typified by Trumpism, stretching across the Atlantic to Brexitland, Europe and wider global north. This double movement – variegated neoliberalization across illiberal 'peripheries', followed by the uneven illiberalization the neoliberal 'core' – suggests of a process of *reglobalization* recalibrating global north to south. This brings us back to the financial crisis, where the creation the Group of Twenty (G20) – expanding the Group of Seven (G7) to include major non-

[7] Early 2018 Donald Trump's former illiberal ideologue Steve Bannon also invoked the teachings of Fredrich Hayek at a rally of Marine Le Pen's *National Front*.

[8] Aiyar particularly criticizes India's overtly bureaucratic and corrupt state: "Leftist critics accuse India of going down the path of neoliberalism. The actual process could better be called neo-illiberalism" (2016: 11).

western economies in the world's leading forum on global governance – arguably marked the ascent of a new global order (Tooze 2018). A decade onwards, its contours are gradually beginning to emerge.

5. Conclusion

> Now, what has already happened in Russia is what might happen in America and Europe: the stabilisation of massive inequality, the displacement of policy by propaganda, the shift from the politics of inevitability to the politics of eternity (Snyder 2018)

How different were expectations during the 1990s (Fukuyama 1992)[9], when liberal democracy was assumed universally victorious? Unfortunately, from a *longue durée* perspective the ascent of neo-illiberalism is hardly an outlier. The modern history of liberalism is a mixed bag at best, with liberal pretensions often cloaking illiberal practices, producing spaces of elite emancipation amidst mass exclusion, often rationalized by religious and racist ideologies (Losurdo 2011). Likewise, the short history of neoliberalism is not unfamiliar to the troubling present, for the very implementation of neoliberalism has been realized via illiberal means – first at gunpoint in Chile, then via authoritarian populism in the neoliberal heartlands (Hall 1985). Added up, the 'progressive' neoliberal moment (Fraser 2017) might be more of an outlier to liberal rule than the present, with liberalism's ugly face merely coming home to roost.

To get off the neo-illiberal road to serfdom, conventional perspectives portraying neoliberals and radical-right populists (or globalists and nationalists) as opposing forces need to be challenged, for such frames make both elements co-constituting the neo-illiberal beast stronger, as they tend to define meaningful resistance away. As argued, "it is more accurate to think of neoliberalism and right-wing populism as closely bound together" (Kundnani 2018), as a two-headed monster that needs to be caged, ideally before the preachers of inevitability fully redeem their claims for eternity.

[9] Although neglecting how neoliberalism was undermining liberal democracy, Francis Fukuyama did identify the very danger currently thriving across the west.

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